

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

December 28, 2004

IN RE:

**UNITED TELEPHONE-SOUTHEAST, INC.
2004 ANNUAL PRICE REGULATION FILING**

**DOCKET NO.
04-00355**

ORDER APPROVING PRICE REGULATION FILING

This matter came before Chairman Pat Miller, Director Deborah Taylor Tate and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this Docket, at a regularly scheduled Authority Conference held on November 8, 2004 for consideration of United Telephone-Southeast, Inc.'s 2004 Annual Price Regulation Filing (the "Filing")

UTSE's Filing

On October 15, 2004, United Telephone-Southeast, Inc ("UTSE") submitted its 2004 Filing for approval by the Authority. This Filing represents UTSE's calculations of its 2004 Price Regulation Index ("PRI") and Service Price Index ("SPI") pursuant to Tenn. Code Ann. § 65-5-109,¹ UTSE's price regulation plan,² and the price cap methodology approved by the Authority.³ In its

¹ The 2004 Replacement Volume of Tenn Code Ann, Titles 65 and 66 reflect a change in the numbering for Title 65, Chapter 5, Part 2. All of the sections in Part 2 have been moved and are now found in Title 65, Chapter 5, Part 1. Thus, the section previously cited as Tenn Code Ann § 65-5-209 is now cited as Tenn Code Ann § 65-5-109.

² UTSE elected to become a price regulated company pursuant to Tenn Code Ann. § 65-5-209 on June 16, 1995, UTSE submitted a price regulation plan, which the Authority approved on September 20, 1995.

³ In Authority Docket No. 96-01423, at the Authority's request, UTSE and the Consumer Advocate Division of the Office of the Attorney General filed a joint stipulation on January 27, 1997 in which they agreed to a methodology and formula for use in calculating the amount of any price increases by UTSE under its price regulation plan. The stipulation was signed by representatives of the Consumer Advocate and UTSE as well as Citizens Telecommunications of Tennessee, Inc., BellSouth Telecommunications, Inc., and AT&T of the South Central States, Inc. In its Final Order in Docket No. 96-01423, entered on September 4, 1997, the Authority approved the joint stipulation.


filing, UTSE alleges that it has properly categorized all basic and non-basic services and UTSE's overall current prices and revenues are less than the maximum prices allowed under Tenn. Code Ann § 65-5-109, thus creating headroom for which future rate increases may be made UTSE's Filing does not propose any rate increases at this time

Findings

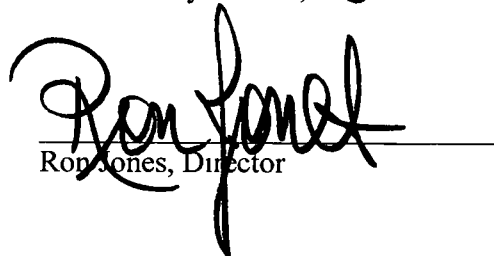
After careful review of the record in this matter, the Authority concludes that UTSE's Filing should be approved The Authority finds that UTSE's Filing complies with Tenn Code Ann. § 65-5-109 and the approved methodology. At the November 8, 2004 Authority Conference, upon review of the Filing in this matter, the Authority unanimously approved UTSE's Filing.

IT IS THEREFORE ORDERED THAT:

United Telephone-Southeast Inc.'s 2004 Annual Price Regulation Filing, filed on October 15, 2004, is approved


Pat Miller, Chairman


Deborah Taylor Tate, Director


Ron Jones, Director